

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 1032 (Delegate Hurson)

Economic Matters

Motor Vehicle Liability Insurance - Minimum Benefits of Security - Maximum Amounts Payable from MAIF - Property Damage Claims

This bill increases from \$10,000 to \$15,000 the maximum amount payable from the Maryland Automobile Insurance Fund for damages to property from an unsatisfied claim. The bill also increases the minimum requirement for automobile insurance liability coverage for property damages from \$10,000 to \$15,000.

Fiscal Summary

State Effect: General fund revenues could increase by \$43,200 in FY 2000 from increased premium taxes. Future years reflect 3% annual increases in premium taxes collected. Special fund revenues could increase by \$37,500 in FY 2000 from rate and form filing fees. No effect on expenditures because any increase in workload could be handled with existing resources.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues*	\$43,200	\$44,496	\$45,831	\$47,206	\$48,622
SF Revenues	\$37,500	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0
Net Effect	\$80,700	\$44,496	\$45,831	\$47,206	\$48,622

Note: GF = general funds; SF = special funds

* - 3% growth for premium tax revenue (GF) projected beyond FY 2000.

Maryland Automobile Insurance Fund (MAIF): Revenues could increase by \$760,000 annually from premium increases while expenditures could increase by \$785,200 annually from claims and premium taxes paid.

Local Effect: None. It is expected that any local government with motor vehicle insurance

carries more than the minimum coverage for property damage liability.

Small Business Effect: Potential minimal.

Fiscal Analysis

State Revenues: General fund revenues could increase \$43,200 in fiscal 2000 from the 2% premium tax assessed by the Maryland Insurance Administration (MIA). Exclusive of insurance issued through MAIF, it is estimated that the increase in minimum property liability will increase insurance premiums by 2% for those drivers with minimum coverages (20% of drivers). The estimated \$342 million in premiums in fiscal 2000 related to property liability would result in an approximate \$1.4 million increase in premiums and a \$28,000 increase in premium tax revenue. For insurance issued through MAIF, the current \$26.5 million in premiums for property liability is expected to increase 2.9%. This increase would result in an increase in premium tax revenue of \$15,200.

Special fund revenues could increase by \$37,500 in fiscal 2000 from \$125 rate and form filing fees by MIA. It is estimated that insurers would have to alter 300 rates and forms which must be submitted for approval by the Insurance Commissioner.

Maryland Automobile Insurance Fund (MAIF): Current premiums of \$26.5 million for property coverage are expected to increase 2.9%, thereby increasing premium revenue by about \$760,000.

Expenditures could increase by \$785,200 annually from more claims paid, increased premium taxes, and higher payments for unsatisfied claims. Property damage claims are expected to increase by an amount equal to the increase in premiums collected (\$760,000). As a result of increased premiums, expenditures could increase by \$15,200 for premium taxes paid to MIA. Expenditures could increase by \$10,000 annually from the change in the maximum amount payable by MAIF for unsatisfied claims from \$10,000 to \$15,000. MAIF is required to pay claims for property damage to qualified persons under certain circumstances, such as if the driver or owner of a vehicle involved in an accident cannot be identified. There are approximately 30 unsatisfied claims per year with only 2 a year collecting the maximum payout.

Information Source(s): Maryland Insurance Administration, Maryland Automobile Insurance Fund, Department of Legislative Services

Fiscal Note History:

First Reader - March 8, 1999

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